Address, and I hope we can pursue them in committees and then bring them to the floor quickly. Again, challenge, action, solutions.

Those are some of the things we need to be doing over the next 5 weeks. There is a lot to do in a very short period of time, but I am convinced that with determination and focus and by leading on principle, we can and we must govern with meaningful solutions on the issues that matter, and they can be delivered to the American people. We can make America stronger, we can make America safer, and we can make it more secure. We must keep America moving forward.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of morning business for up to 60 minutes, with the first half of the time under the control of the majority leader or his designee, and the second half of the time under the control of the Democratic leader or his designee.

The Senator from Montana.

ENERGY

Mr. BURNS. Mr. President, this morning the leader touched on a lot of problems we have before us as we come back from Easter break. I know most of us have been home and listened to the folks at home. Most of us have probably come back with more challenges than when we left. Here are a couple of issues.

I was glad to hear the leader bring up the situation on insurance premiums, especially for small businesses and the self-employed. Senator ENZI of Wyoming and I have been working on the small business health plans for almost a year now. That is nothing new. It is not a new idea. Ever since I joined the Small Business Committee and even under the chairmanship of my good friend from Arkansas, Senator Bumpers, prior to 1994, we were working on the same issue, but we were unsuccessful then and have been unsuccessful up until now in striking a balance. There is broad support for the approach being taken by the chairman of the HELP Committee.

If you talk with folks engaged in small business, Montana businesses with 10 employees or less have little or no leverage when it comes to buying group insurance or trying to broaden their pool to keep their insurance premiums at a minimum. I look forward to that debate when the bill comes to the floor, and I look forward to final passage and getting it to the President for his signature.

I took a drive across the State of Montana over Easter Recess, all by myself. I just jumped into my pickup and took off and talked with rural Montanans. I fight awfully hard for rural Montanans for the simple reason that, right now, they are sort of being pushed into the background when we start talking about what is happening in our economy. Even though our livestock prices are decent, the grain producers, and many other folks, still have a real problem because they cannot get their arms around this business of containing costs, and the cost of energy is their main issue.

Whenever gas and diesel prices go up, it goes up on the farm also, and the cost of putting a crop in and getting it out has increased substantially due to these high energy costs.

We are a big State. We are a mobile State. We are 147,000 square miles. Yes, we only have 900,000 people, and some could probably make the case it is getting a little crowded up there. We have to drive long distances just to do business around the State, and these energy prices are impacting all of us.

Everybody wants to stand around on the floor of the Senate pointing fingers, when we could be looking at the real case of cumulative effects—of what we have done in policy and what has to be done to produce more energy for a growing society and a growing economy.

We are driven by agriculture in my State. Farmers and ranchers are price takers; in other words, we sell wholesale, we buy retail, and we pay the freight both ways. Any time we talk about freight, whether it is delivering or receiving, energy is involved.

So we are caught in what some would think is a perfect storm. We haven't hit the $3 mark for gasoline in Montana yet, as other parts of the country have, but we are nearing it. In fact, we are so close to it that folks are afraid of what will happen if we do hit it.

I will tell you this: We have a situation in northeast Montana and northwest North Dakota called the Williston Basin. This area is quite a large producer of oil and gas. When we start quoting the price of oil on the New York Mercantile Exchange, we are not really talking about what the cash or spot price of oil is costing today. Do you realize, even though everybody is talking about the price of $73 a barrel, that market price is not being paid to our oil producers today? It is a long way from that $73. In fact, it is from $25 to $35 lower than even the spot price. Why? We are finding more oil, we are doing a better job of finding oil and lifting it, but the infrastructure of transportation—in other words, getting the crude to the refineries—and the refineries' capacity to refine it has not kept pace even with our own production in the United States. Therein lies a problem, and it is one we have to address.

We have not built a refinery in this country for 30 years—35 years, I think, if you want to get very particular. The ability to expand refining capacity in the present-day facility is becoming very expensive and cannot be done without expanding outside the boundary.

If anybody has the idea that the refiners are making a lot of money, look at their return on investment. It is not very big. So people point their fingers at the refiners. Do they point their fingers at the big oil companies? Yes, they do, and in some cases justifiably so. We can sit here and poke holes in that argument. But our basic problem is siting and building facilities to satisfy a growing demand.

If you want to build a new refinery, or if you want to build a new pipeline to move the crude to the refining areas, I will tell you, you are going to have sticker shock when you look at what it costs just in permitting and siting for that facility. It is unbelievable. 25 percent of the estimated construction cost of a new refinery now will be eaten up in permits and siting, and all because of some laws and regulations that basically do not serve this country very well.

Am I justifying the prices today? Somewhat. But I think what we are seeing is a perfect storm of cumulative effects, of not keeping pace with our ability to produce and lift oil from the ground.

Alternative fuels and renewable fuels are also an important part of our energy program.

In 2002, we actually got a title into the agricultural bill that dealt with renewables and agriculture. We knew that we were going to have an energy bill and that title would dovetail into some of the policies that we wanted to put forward in an energy bill. We knew that an energy bill should come pretty quick. However, it did not come quickly. It came some 4 years later. After dragging and stalling and putting up all kinds of barriers, we finally got an energy bill in 2005, and we did dovetail some of the elements on renewables as it relates to agriculture.

In 2007, we will renew the Agriculture bill. And I would not be a bit surprised if we do not see energy even in the main title because we can produce renewables and we can produce alternative fuels to make sure we wean ourselves off of our dependency on foreign oil. We have to do that. We are going to get it done even though there are people who will obstruct and drag their feet in setting the policy.

I see my good friend from Utah is in the Chamber. Whenever you are producing oil at post-1970 production in the State of Montana, that means we have crude oil, like the crude oil that could go to refineries today in his State of Utah, from pipelines that are fed out of Montana, as well as to refineries in Montana and also in Colorado. Do you realize a 36-inch pipeline moves something like 86 thousand barrels a day? We can't even get on that pipeline. That pipeline is owned by Canada, and it is full of tar sands oil moving to refineries in Utah and Colorado. Meanwhile we are actually slowing down production at wells since we can't get all the crude oil being produced in the Williston Basin area today out of the area. If we do manage to get some of the crude oil on the pipeline, it is at a discounted price of around $25 to $30 a barrel.

What is wrong with this picture? The infrastructure isn't there to move the oil. The refining capacity is not there to refine the oil. We are picking and choosing who gets the oil on the pipeline and who gets to sell their crude oil at prices that are far less than $73 a barrel. The price that is going through the roof, that we hear so much about, is the oil futures price, which is set by speculators and expectations. That is not the spot price. Americans have to understand the difference.

So we need infrastructure, but we also need this ability to produce the alternatives and the renewables and to get those energy products on line as well. And we can do just that if we don't have to chew up 25 percent of our construction costs just in permitting and selecting a site in which to do the work.

I know that high costs affect people who have to drive automobiles to get to work and have to go places to make this economy grow. Yes, the President is right on. Let's take a look at the oil companies. Let's see what is going on there. Let's get on the internal part of it and see what the prices are all about today.

But I stand here today with the appeal that we need to look at our food and fiber production across this country.

I will tell you something else I found out while driving around Montana. I would drive down the highway through a little town, and if I saw a little restaurant there, a little café with six or seven pickups sitting there, I would go in and have a cup of coffee. You will get some conversation going on in there, I guarantee you. When I hear of farmers cutting back on the use of fertilizer by almost a third last fall and this spring when going in with their crops, that sends a message to the rest of the country that food and fiber production is being negatively impacted by these energy costs. Yields go down, the amount of grain and food products that moves to the marketplace goes down. The producers just can't afford the fertilizer. Then they go to pay their diesel costs for putting the crop in and taking it out, and it makes for a very interesting discussion around the restaurant or the cafe in the coffee clutch. Usually those fellows have all the answers, if you will just listen. I hope most of our Members of this Senate would do that: Just take off, sit down in a restaurant, listen to what people are talking about, and then try to come up with some sort of policy that would increase our ability to move and to be mobile and to fuel an economy that supports a very mobile society.

For alternative fuels, our technology is moving right along. We have many technologies that are going to help us in ethanol production, especially the cellulosic technology that uses plant residues. What we usually throw away, the waste, can now be turned into energy.

Biodiesel is viable. Genetically improved oilseeds are being produced and can be turned into a cleaner diesel. We were in Billings yesterday and saw an experiment of what can be done with biodiesel. We are the Saudi Arabia of coal in Montana. There are ways to turn that into diesel. Basically, we haven't found any alternative to diesel in moving big loads. We have to continue our research and development and our effort to turn what we grow every year, what is renewable every year, into usable, practical renewables to fuel our every day lives.

So I hope that during this week policies which would increase production, whether hydrocarbon or renewable, could move out because there is nothing in the short term that is going to take care of it. I tell you: we have to look at the long term of where we want to be in 20 years and ask ourselves how we get there. To formulate that policy in 1 week is asking a lot from this body or any other policymaking body. Nonetheless, we have to take up that challenge and be aware of what is happening on our farms and ranches across this country because the second thing every one of us does when we get up in the morning is eat breakfast, and we know the cost of that is going to rise if we don't address this business called high energy prices.

There is a cumulative effect here. We could point fingers at one, two, three, or four different contributing factors, but it is the perfect storm of all these factors that have come together. Finally we are being sent a message that policy has to be changed in order to increase our ability to move Americans.

I thank the Chair, and I yield the floor.

Mr. BENNETT. Mr. President, today's papers are filled with stories about energy prices and particularly gas costs and editorials demanding that the Congress and the President do something about it. I think perhaps the best comment that appeared was in this morning's Wall Street Journal in a story with the headline "Bush Aims To Rein In Gas Costs," where there is a quote from Robert Ebel, who directs the energy program at the Washington Center for Strategic and International Studies. All of us are familiar with CSIS and the good work that it does. I would like to quote Mr. Ebel because what he has to say is the clear understanding of where we are. He says:

> A good politician never admits he's powerless in a situation, but I don't see anything that the Congress can propose that will make any difference. We don't stand in isolation from the rest of the world oil market, and there are events going on around the world that affect the world price of oil.

I note that he uses the term "world"—I could count how many times, but multiple times—and we act as if this is a domestic problem. We act as if this is something we in Congress or the President in the White House can wave a magic wand and do something about.

I would like to point out a few facts and perhaps bring a little humility into this body, something that is in fairly short supply but in great need.

As Mr. Ebel points out, the price of oil is set by a series of world events. It is not set in the Congress. It is not set in the White House. People look at the cost of a gallon of gasoline and say to themselves: You know, it only costs—picking numbers out of the air but being illustrative—$1.50 to put that gallon of gasoline in the tank at the service station, yet the service station operator is charging me $3 to take it out; there is price gouging going on somewhere. The reality is that the price in the tank at the service station is not figured on the basis of what did it cost to get that gallon there; the price at the service station is figured on the cost of what will it cost to replace that gallon there. So the reason a gallon of gas is at $3 at the service station is that all of the forces involved in putting that gallon of gas in there assume that it will cost $3 to replace it; therefore, they better charge $3 for it in the first place.

Now, they may be wrong. It may be that they can replace that gallon of gas for $2.50, and as soon as they come to that conclusion, that gallon of gas will come down to $2.50. It may be that the cost of replacing that gallon of gas will be $3.50, and at that point, everybody will lose some money along the way. But whether it is the production of oil in the oilfield, the transportation of oil around the world, the refinement of oil in the various refineries, the transportation from the refinery to the service station, everyone is making a guess as to what it will cost for the next gallon of gas along the way, and that shows up in what appears at the service station.

So when there is trouble in Nigeria, someone says, by virtue of that trouble in Nigeria, the next gallon of gas is going to cost more than we think, and that is why the price goes up. If there is trouble and difficulty in Iran, well, that is going to cause the price to go up, and let's bet against that future. If there is trouble in Venezuela, then that figures in. When it turns out that the trouble doesn't materialize, the price of gasoline drops dramatically, and we have seen that in this past history.

The primary thing that started gas prices going up was Katrina. Why? Because Katrina wiped out a good percentage of our refinery capability. As the Senator from Montana has pointed out, we haven't built a refinery in this country for several decades. We need to get about it. But that is a 5- to 10-year problem. We can't instantly create a refinery out of nothing. As the refineries were shut down as a result of Katrina, the price of gas spiked as people anticipated that there would not be enough supply. As the refineries came back on line more rapidly than anybody anticipated, the price of gasoline dropped.

Now refinery capacity is being shut down again. Why? Because we here in this Congress mandated the replacement of MTBE with ethanol, and the refineries have to gear up to make that shift. When they do that, they shut down in order to retool. When they shut down, there is a lack of gasoline, and you have prices going back up again. Once they have made the shift over, we will find those prices will start to come down, unless there is some other unsettling situation somewhere in the world.

The bottom line, to repeat a refrain I have stated ever since I have been in the Senate, is that we cannot repeal the law of supply and demand. We engrave Latin phrases around here—and they are wonderful—to remind us of our history and our background, but if I could control what we carve in marble and see every day, it would be that statement: You cannot repeal the law of supply and demand. If we had built the facilities in ANWR in 2001 when there were sufficient votes in the House but was killed in the Senate, it is likely that oil would be coming on line now, because at the time people said: Don't get excited about ANWR; it is going to take at least 5 years. Well, 2001 was 5 years ago. If we had done that, we would start to see that oil. Would it lower the price? Of course it would because it would change the equation of expectations of people who are involved in this whole situation.

One last comment. I have talked about ethanol, and I have talked about MTBE. These are additives to lower the emissions that come out of gasoline, and they are good things. They are, however, expensive, and we cannot say on one hand: OK, let's get the price of gasoline as low as possible, and by the way, while we are doing it, let's put new burdens on the refineries that require this additive, that additive, and the other additive, that will require the creation of what are called boutique fuels, so that the refinery, instead of just putting out gasoline in regular or super high test, are putting out a boutique fuel for this part of the country and a boutique fuel for that part of the country and a boutique fuel for the other part of the country. That means constantly retooling, shutting down, starting up, changing, and all of that adds to the cost.

We have added to the cost here in the Congress in the name of environmental protection. I am not saying environmental protection is bad, but I am saying it costs money. We should pay attention to that so when the time comes for us to say what can we do about the high gasoline prices, the answer is we can pay attention and be a little more humble before the power of market forces. If we think Government can intervene with market forces and produce long-term lower prices, all we need to do is dredge up memory of what happened the last time we panicked about this as a nation in the 1970s. Under the leadership of President Carter we created a synfuels corporation, created oil company windfall taxes, and ended up in lines on separate days. You could only get your gas tank filled on alternative days. Ultimately, we saw all of the effort collapse when market forces finally took hold and brought the prices back in line.

I know it is not a message people want to hear. I, like Senator BURNS and other Senators, have been out in my constituency during the break, and I heard people talking about: What are you going to do about gas prices? I had two choices. I could either tell them I will come back here and I will fight to lower the gas prices—and make them feel good—or I could tell them the truth. I chose to tell them the truth. This is a long-term problem, it is a serious problem, and it can only be solved by serious policies. The most intelligent serious policy that we can adopt is to do whatever we can to facilitate the kinds of competition and market forces that ultimately will bring supply up and prices down and deal with the demand side as best we can through conservation.

It is not a quick fix. We can't pass a resolution and say, gee, look what we did and see something happen at the pump the day after tomorrow. It is time we recognize that fact and told our constituents the truth.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

FTC INVESTIGATION

Ms. STABENOW. Mr. President, I rise today to talk about gas prices and the energy situation in our country. First, to agree with my distinguished colleague from Utah, in fact there are long-term issues we have to address. There is no question about that. Alternative fuels, the efforts to put forward very aggressive alternatives such as ethanol, soy-based biodiesel, and other alternatives that create real competition, are critical, but there are short-term actions we can take right now that will help the families who are being squeezed on all sides by outrageous prices, along with outrageously high profits of the oil companies.

Today our leader on the floor, our Republican leader, said there ought to be an investigation going on, and the President said today we ought to have an investigation going on as to possible price gouging. I come to the floor today, as the author of the amendment that successfully passed in the Energy bill last August, to say that we have an investigation going on. The Federal Trade Commission was authorized and charged with doing an investigation, which they are doing as a criminal investigation, into possible price gouging. I was pleased to be joined by Senator DORGAN and Senator BOXER and others in that effort.

Since that time, because they began to move extremely slowly last year, I was pleased to coauthor an increase of $1 million in the budget in order to fund that investigation. We passed that last fall. There have been bipartisan letters that have gone to the Chairman of the FTC saying let's get going. That occurred last fall, last September. Now we are seeing from the Federal Trade Commission that they intend to have this report done, this investigation done by May 21.

It is about time. First I would say: Mr. President, it is your FTC. You appoint the majority of the members on the Federal Trade Commission. You should know that this is going on.

I encourage the President to be engaged with what his Federal Trade Commission is doing at this very moment. Hopefully, we are going to get the right kind of investigation with tough recommendations that will tell it like it is. This is already occurring. Right now the investigation, as I said, is structured as a law enforcement case. They are working with the CFTC, with the States Attorneys General right now. I encourage everyone interested in this issue to give their input to the Federal Trade Commission that is already doing an investigation.

In fact, one of the things they found doing this investigation, as they sent out 200 investigation demands which are roughly the same as subpoenas, ExxonMobil, back in January-February, filed a petition to quash the FTC subpoena for tax information. Fortunately, the Commission denied the appeal and ExxonMobil had to subsequently comply. But now they are looking at manipulation and gouging, whether or not that is happening. They are confident, they say, that they found enough information for a solid determination in their final report, which is expected on May 21.

I say, first to my Republican colleagues, to the leadership, to the President, this investigation is already going on. I am glad you now think there ought to be an investigation. But we would appreciate it if you would be involved in making sure what the FTC does is tough and smart and tells it like it is in terms of what is really going on.

Gasoline is not a luxury for the families of Michigan or the families anywhere across the country. It is a necessity. Families are caught in a bind because, on the one hand, this is not a regulated utility like electricity, and there is not enough competition with basically five different companies. We all know there is not enough competition because of the consolidations that have gone on. So what happens? American consumers are stuck in the middle, squeezed on all sides.